

Fiscal Highlights

Public Education Appropriations - Meeting Summary - Ben Leishman

Subcommittee members met on September 22, 2016, to discuss pending education funding issues including potential upcoming legislation, financial oversight, and a review of certain programs. The following subsections highlight meeting discussions:

Potential Legislation

Legislation may be brought during the 2017 General Session to implement several statutory changes discussed during the meeting. These changes include providing clarity and addressing outdated statutes in certain categorical programs within the Minimum School Program, reducing the number of reports statute requires the State Board of Education to prepare for the subcommittee, and reauthorizing programs set to expire at the end of FY 2017. Additional detail is provided in the bullets below:

- *Minimum School Program Oversight* - During the 2016 General Session, legislation was introduced to address several issues within the Minimum School Program approved in committee work last fall. The bill did not pass both houses prior to the end of the General Session. There were three items included in the bill. First, eliminate the Teacher Salary Supplement Restricted Account. This account was created to assist the Department of Human Resource Management and the Division of Finance when they managed the program. Several years ago, the management of the program was moved to the State Board of Education, eliminating the need for the restricted account. Second, statute requires the State Board of Education to use up to \$1.0 million of the funds allocated for Career & Technical Education - Comprehensive Guidance to provide matching grants to local districts and charter schools. Funding has not been allocated for the grants in several years. The State Auditor identified this discrepancy in a recent review of the program. The introduced bill removed this requirement. Lastly, the introduced bill removed the ability for the State Board of Education to reimburse school districts for out-of-state tuition costs above the state allocation if they opt to send a student to a neighboring state. There is no dedicated source of funding to pay these costs; currently the State Board of Education uses general nonlapsing balances within the Minimum School Program. A more complete summary of these changes can be found here: [Minimum School Program - Categorical Program Oversight](#).
- *Statutory Reports* - The subcommittee reviewed reports statute requires the State Board of Education to submit to the subcommittee. The information contained in several of the reports is required to be collected and reported as part of the budget process. Committee staff identified several reports that could be eliminated because the information would still be available on an ad-hoc basis. Subcommittee members wanted to review the list again and work with the co-chairs on potential legislation. A matrix of statutory reports can be found here: [Statutory Report Summary](#).
- *Education Programs Scheduled to be Repealed* - At the end of FY 2017 (July 1, 2017), statutes governing three education programs are set to expire, namely, Charter School Start-up Costs, Peer Assistance & Review, and Pilot Online School Survey Programs. Subcommittee members briefly discussed each item. Legislation will likely be introduced to extend the Charter School Start-up Cost and Peer Assistance & Review statutes.

Financial Oversight

Subcommittee members heard a report from the State Board of Education on the implementation of financial management changes at the State Board. The Legislature appropriated funding for FY 2017 to hire additional financial management staff, namely, managerial accountants, an internal auditor, and a grants management

officer. The Legislature also provided authority for the Board to use approximately \$4.3 million in nonlapsing balances from the Minimum School Program to begin updating financial management systems used by the State Board of Education.

Programmatic Reviews

The majority of subcommittee time was used reviewing the funding and performance of six contracted programs originally vetoed by the Governor. Following the 2016 General Session, the Governor vetoed [Senate Bill 2, Item 6](#), which included funding for the Electronic High School, UPSTART, Pro-Start, Electronic Elementary Reading Tool, Early Intervention Reading, and the IT Academy. The Legislature worked with the Governor to re-appropriate the funding for these programs during the May Special Session of the Legislature. More information on this item can be found in another article in this month's newsletter.

Finally, the subcommittee discussed ways to better evaluate the high number of budget requests the subcommittee receives each year during the General Session. This is an ongoing discussion, but the subcommittee will request an additional meeting in January to hear many of these requests before the session begins.